

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Number: **200835018**
Release Date: 8/29/2008

Third Party Communication: None
Date of Communication: Not Applicable
Person To Contact:

Index Number: 4261.00-00

, ID No.
Telephone Number:

Refer Reply To:
CC:PSI:B07
PLR-125089-07
Date:
May 28, 2008

Legend

Taxpayer =

Dear :

This responds to a request dated May 21, 2007, for a ruling whether Taxpayer must collect the tax imposed by §§ 4261(a) and 4271(a) of the Internal Revenue Code on amounts paid to it, under the facts described below, for the flight segments between the private airfield and the airports in which Taxpayer is not transporting persons or property for its customers.

The facts submitted and the representations made are summarized as follows: Taxpayer operates helicopters for customers engaged in oil and gas exploration. The helicopters depart from a private airfield and travel to one or more airports to pick up customers and then transport the customers and their cargo to offshore exploration and production sites. On the return flight, the helicopters transport the customers and their cargo from the offshore exploration and production sites to the airports. The passengers disembark at the airport and the helicopters return to the private airfield. Taxpayer does not transport persons or property for its customers on the flight segments between the private airfield and the airports. Taxpayer keeps flight time for each segment of all flights and is able to separately accumulate flight time for segments in which passengers and cargo are on board.

The private airfield from which the helicopters depart is not a facility that is eligible for assistance under the Airport and Airway Development Act of 1970. The

airports at which the helicopters pick up passengers are eligible facilities. All of the helicopters used are aircraft having a maximum certificated takeoff weight over 6,000 pounds.

Section 4261(a) imposes a tax on the amount paid for taxable transportation of any person by air.

Section 4262(a)(1) defines “taxable transportation” to include transportation by air that begins and ends in the continental United States.

Section 4262(d) defines the term “transportation” to include layover or waiting time and movement of the aircraft in deadhead service.

Section 4271(a) imposes a tax on the amount paid for the taxable transportation of property if the amount is paid to a person engaged in the business of transporting property by air for hire.

Section 4272(a) defines “taxable transportation” to include transportation by air that begins and ends in the continental United States.

Section 4272(d) defines the term “transportation” to include layover or waiting time and movement of the aircraft in deadhead service.

Sections 4262(d) and 4272(d) expressly include movement of the aircraft in deadhead service as taxable transportation. Accordingly, based on the facts submitted and the representations made, Taxpayer is required to collect the taxes imposed by §§ 4261(a) and 4271(a) on amounts paid by its customers for any flight segment between a private airfield and facilities eligible for assistance under the Airport and Airway Development Act of 1970, including flights in which Taxpayer is not transporting persons or property for its customers.

Except as expressly provided herein, no opinion is expressed or implied concerning the federal tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

The rulings contained in this letter are based upon information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

This ruling is directed only to the taxpayer(s) requesting it. Section 6110(k)(3) provides that it may not be used or cited as precedent.

Pursuant to the Power of Attorney on file with this office, a copy of this letter is being sent to the taxpayer's representatives.

Sincerely,

Frank Boland

Frank Boland
Chief, Branch 7
Office of Associate Chief Counsel
(Passthroughs & Special Industries)

Enclosure

Copy for § 6110 Purposes

cc: